

D.T.E. 03-121
Attachment NEDGC-4-3 (c)

Commonwealth Electric Company
Back-Up and Maintenance Service
Mass. D.T.E. Data Requests
Docket No. EC98-11
Respondent: H.C. LaMontagne

Information Request DTE-1-3

Please provide a demonstration that the Company's ratepayers will be held financially harmless with respect to this Agreement. Specifically, please address this concern from the following perspectives: (1) Administrative Charges, (2) Customer Charges, (3) Distribution Charges, (4) Transmission Capacity Charges, (5) Transition Charges, and (6) Supplier Service Charges (Agreement at 5-6).

Response

The pricing under this Agreement is designed based on the specific costs requirements for the Company to deliver Back-Up and Maintenance Service to Southern Energy Canal, L.L.C.'s ("Southern Canal") electric generating facilities consisting of Canal Unit 1 and Canal Unit 2 (the "Canal Units") (*see* response to DTE-1-1). The specific charges applicable under this Agreement (contained in Section 5.3 of the Agreement) are based on either the cost elements of this transaction or the Company's generally applicable tariffs. The Administrative Charge (Section 5.3A) is based on the cost to provide special metering and programming functions associated with service under the Agreement. The Customer Charge (Section 5.3B) is the same charge that applies under the Company's distribution service rate for general time-of-use customers (Rate G-3, currently M.D.T.E. No. 398). The Distribution Charge (Section 5.3C) is based on the costs associated with the specific facilities that are used in delivering Back-Up and Maintenance Service to the Canal Units. The Transmission Capacity Charge (Section 5.3D) is designed based on the unpredictable and intermittent nature of the service and is consistent with the Company's FERC-approved transmission tariff (Open Access Transmission Tariff filed in Docket No. ER97-1341) (*see* response to DTE-1-6). The Transition Charge (Section 5.3E, First Amendment to Agreement) is derived from the Company's transition charge of \$0.03159 per kWh, which was approved by the Department in D.T.E. 98-78/83-A (*see* response to DTE-1-5). Supplier Service (Section 5.3F) is Southern Canal's purchase of electric power necessary to fulfill its back-up and maintenance requirements. This power can be purchased by Southern Canal either from the Company, under its Default Service tariff, or from a licensed competitive supplier under negotiated terms (*see* response to DTE-1-4). Thus, other ratepayers do not subsidize or bear any of the costs attributable to the Company's service to Southern Canal under this Agreement.